



United States Department of Agriculture
Rural Development

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USDA Rural Development Texas AN No. 576 (1951-B)

JUN 16 2003

TO: All Offices
USDA Rural Development, Texas

FROM: Bryan Daniel
State Director
USDA Rural Development, Temple

SUBJECT: State Policy on Collection Activities and Management Control Requirements

PURPOSE/INTENDED OUTCOME: To establish concise direction on handling documentation pertaining to collections for USDA Rural Development programs, and on maintenance of collection files, and to establish interim management control procedures for collections.

COMPARISON WITH PREVIOUS AN: This AN replaces AN No. 567 which expired May 31, 2003.

IMPLEMENTATION RESPONSIBILITIES: USDA Rural Development employees authorized to handle collections will do so in accordance with RD Instruction 1951-B, the draft wholesale lockbox process instruction dated November 6, 1997, Interim Management Control Procedures Collections (Reissued), Unnumbered Letter dated March 12, 2003, and instructions contained in this AN.

FILES TO BE MAINTAINED: Monthly collection files (non-AMAS) should be maintained unless the volume of collections is so minimal that monthly files are not practical. In this case, at least quarterly files will be maintained. The four-position monthly collections files should be set up and contain copies of the following:

Position 1 (items prepared by employee #1 daily)	<ul style="list-style-type: none">Form RD 1951-49, Register of CollectionsCalculator tape with preparer's initials totaling all collections (listed on Form RD 1951-49)	Total \$ should balance with Position 3
Position 2	<ul style="list-style-type: none">Exhibit E to this Administrative Notice, prepared by the assigned Community Development Specialist (CDS) or loan specialist at least monthly, and prepared at least yearly by the Program Director or Area Director	

EXPIRATION DATE:
May 31, 2004

FILING INSTRUCTIONS:
Following Instruction 1951-B

Position 3 (items prepared by employee #2 daily)	<ul style="list-style-type: none"> • Form RD 1951-60, Field Office Remittance Reconciliation Report (FORRR). Please refer to the Forms Manual Insert (FMI) for attachments to Form RD 1951-60, i.e. Form RD 370-46A, Form RD 451-2, Form RD 1940-10, etc. • Form RD 3550-17, Funds Transmittal Report • Form RD 3550-26 and 3550-27, Substitute Payment Coupon • Other transmittal documents • Calculator tape with preparer's initials totaling all amounts on all collection documents • Copies of all checks, money orders, etc. 	Total \$ should balance with Position 1
Position 4	<ul style="list-style-type: none"> • Documentation of problems or clarifications, such as calls or correspondence, including attachments 	

All payments received in the local office will be recorded and totaled daily on the Form RD 1951-49, Register of Collections. Please make an annotation on Form RD 1951-49 in the "remarks" column as to which form is being used to remit the payment/collection and to what address the collection is being mailed. All payments should also be recorded on the appropriate remittance/transmittal/coupon forms. All payments should be totaled, and the total of the remittances/transmittals/coupons should equal the total of Form RD 1951-49. Therefore, forms in positions 1 and 3 should balance daily. The dates on forms in positions 1 and 3 should correspond in filing order.

All collections received in the local office for Multi-Family Housing (MFH) should be forwarded to the MFH Payment Center in the State Office for processing through AMAS-CASH using new Form RD TX 1951-1 (copy attached). As with all collections, please record the payment on Form RD 1951-49. Send the payment to the MFH Payment Center via Fed EX or any method that allows for tracking.

SEPARATION OF DUTIES: All offices must ensure that at least two individuals are involved in the collecting and processing of payments; one employee processes the payments and one employee processes the remittance/transmittal/coupon forms. These duties should be rotated at least semi-annually.

INTERIM MANAGEMENT CONTROL PROCEDURES FOR COLLECTIONS:

Spot checks of collection activities by the Area Director and/or Program Director should be made frequently.

Exhibit E (attached) will be utilized to document the review of collection activities. The Area Director will assign a Community Development Specialist (CDS) in each office to perform reviews of collections when available, at least monthly. The Program Director will assign a loan specialist to perform reviews of collections when available, at least monthly. The CDS or State Office loan specialist should initial Form RD 1951-49 when performing daily reviews.

The Area Director/Program Director must perform an annual review of collection activities each December using Exhibit E. A copy of Exhibit E must be submitted to the Management Control Officer by December 31 of each year.

INSTRUCTIONS FOR PERFORMING REVIEWS: The reviews of collection activities will be performed by the assigned CDS or State Office loan specialist at least monthly. The annual review will be performed by the Area Director or Program Director.

The reviewer will complete Exhibit E indicating compliance or noncompliance. Noncompliance responses must be fully explained in the "comments" section at the end Exhibit E and have a recommended corrective action with follow-up due date.

Upon completing the review, the reviewer will sign and date Exhibit E and distribute copies as follows:

For monthly local and state office reviews, Exhibit E will be filed in operational file 1951-B, with a copy to the Area Director or Program Director. (File in Position 2.)

For local office annual oversight reviews, a copy of Exhibit E will be sent to the Management Control Officer and to the local office.

For annual oversight reviews of State Office collections, a copy of Exhibit E will be sent to the Management Control Officer and to the reviewed section.

If you have any questions, please call Donna Freytag at 254-742-9704.

Attachments Exhibit E

Form RD TX 1951-1 (to be issued with Texas PN 36 in the near future)

EXHIBIT E
REQUIREMENT/REVIEW CRITERIA

#	Question	YES	NO	N/A
	Safeguarding Collections:			
1.	Form RD 451-1, Acknowledgment of Cash Payments, is prepared for all cash receipts for all programs and is prepared in numerical sequence.			
2.	Cash is converted to draft, cashier's check, or money order.			
3.	Collections are generally paid by check or money order and not by cash.			
4.	Local Office: All collections (including AMAS) are posted to RD Form 1951-49, Register of Collections. All AMAS collections are date stamped and forwarded to the MFH Payment Center via Fed EX or any method that may be tracked. State Office: All AMAS collections are entered to the AMAS Call Date Recap Detail Report data entry screen immediately upon receipt.			
5.	Cash, checks, and money orders are stored in a locked cabinet or locked drawer during the day and in a locked fireproof safe at night.			
6.	Miscellaneous collections are mailed to the designated lockbox each day.			
7.	Employees processing collections via the AMAS Cash (AMAS-CSH) system are required to have payment certification. (Reference Rural Development Instruction 1951-K)			
8.	Form Rural Development 1951-64, On-line Payment Certification Monitoring Log, is used to document AMAS collection processing for each monitoring activity. (Reference Rural Development Instruction 1951-K.)			
	Processing Collections:			
9.	Collection documents (Forms RD 1951-49, 451-1, 451-2, Schedules of Remittances, 370-46B, Payment Coupon, 3550-17, Funds Transmittal Report, 3550-26 and 3550-27, Substitute Payment Coupon, AMAS Call Date Recap Detail Report data entry screen, etc.) are prepared correctly and in accordance with the Forms Manual Insert (FMI).			
10.	Wholesale lockbox collections are balanced daily by preparing Form RD 1951-60, Field Office Remittance Reconciliation Report.			
11.	The Form RD 1951-49 and/or AMAS Call Date Recap Detail Report data entry screen is/are balanced daily to Forms RD 370-46B, 1951-60, 3550-17, 3550-26, 3550-27, and farm credit related collection items transmitted to the local Farm Services Agency office for processing.			
12.	AMAS Cash payment errors that prevent balancing and releasing of the payment block must be corrected within 5 workdays. (Reference AMAS Online Payment Processing Manual.)			
13.	Collections are sent to the correct location/designated lockbox address for the applicable collection method (wholesale lockbox, direct payment lockbox, RHS wholesale or retail lockboxes, etc.).			
14.	For collections received and submitted by field offices, borrower on-line account history and/or payment status screens are periodically checked (at least 2 business days per month) to confirm that collections are updated to the automated accounting system for the correct amount and date of credit.			

15.	Administrative collections (freedom of information fees) are sent with Form RD 104-1, Public Information Transmittal and/or Receipt, and/or a transmittal explaining disposition of funds to the lockbox address listed in RD Instruction 2018-F, Availability of Information, subsection 2018.255 (e)(3).			
16.	Cash collections over \$10,000 are reported to the Internal Revenue Service in accordance with RD Instruction 1992-E, Reporting Property Transactions to the Internal Revenue Service, subsection 1992.202.			
Separation of Duties:				
17.	To the extent practical, at least two employees will be involved in receiving and processing collections. One employee receives collections and prepares the cash receipts and collection logs (i.e., Form RD 451-1, Form RD 1951-49); a second employee prepares the collection data for payment application (i.e., Forms RD 451-2, 3550-17, 3550-26, 3550-27, and 370-46B); and the first employee who received and recorded the collection (or third person) balances the daily collection items.			
18.	The daily collection log (Form RD 1951-49 or AMAS Call Date Recap Detail Report data entry screen) is reviewed and initialed by an employee other than the employee who prepared the Form RD 1951-49 or entered the collection in the AMAS Cash System.			
19.	The above duties are rotated at least semiannually.			
20.	The local supervisor reviews collection activities monthly and documents the results of the review on this interim review guide.			
File Maintenance				
21.	Operational files are maintained in accordance with RD Instructions 2033-A, Records Management in State, District, and County Offices, and 1951-B.			
22.	Forms RD 451-1 are stored in a locked fireproof cabinet.			
23.	The numeric sequence of numbers listed on Form RD 2024-6, Notice of Transmittal and Receipt, used to transmit new supplies of Form RD 451-1 booklets to field offices, agree with the sequential numbers on Form RD 451-1's.			
24.	Copies of Forms RD 2024-6 acknowledging cash receipt books are filed in the operational file.			

Local Office: _____

Month(s) Reviewed: _____

Signature of Reviewer: _____

Date of Review: _____

Comments:

Texas USDA Rural Development
FIELD OFFICE REMITTANCE FORM

FOR SUBMISSION OF FUNDS TO RURAL HOUSING (MFH) PAYMENT CENTER

(Complete One Form for Each Check Received)

DATE RECEIVED: _____ LOCAL OFFICE: _____

BORROWER NAME: _____

BORROWER CASE NUMBER: _____

AMOUNT: \$ _____ RECEIVED BY: _____

PURPOSE OF FUNDS

☐ Project Worksheet for Rent Roll Effective _____

☐ Proceeds from MFH Closing of Bank Account Number _____

☐ Return of MFH Unused Loan / Grant Funds

☐ Request for Credit Report (Give to Julie Hendricks)

☐ Proceeds from MFH Foreclosure Sale Held _____

☐ Other (please explain) _____